## **Internal Revenue Service**

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Department of the Treasury

Washington, DC 20224

Third Party Communication: None Date of Communication: Not Applicable

Person To Contact:

, ID No.

Telephone Number:

Refer Reply To: CC:PSI:B02 PLR-139469-09

Date:

September 03, 2009

## **LEGEND**

<u>X</u> =

State =

Date 1 =

<u>Date 2</u> =

<u>Date 3</u> =

<u>a</u> =

Dear :

This letter responds to a request dated August 28, 2009 submitted on behalf of  $\underline{X}$ , requesting a determination that  $\underline{X}$  may file an election to be treated as a disregarded entity for federal tax purposes under § 301.7701-3(c) with an effective date within sixty months of a previous entity classification election.

The information submitted states that  $\underline{X}$  was formed in  $\underline{State}$  on  $\underline{Date\ 1}$  as an entity eligible to make a classification election.  $\underline{X}$ 's default status was a disregarded entity for federal income tax purposes. Effective  $\underline{Date\ 2}$ ,  $\underline{X}$  filed a Form 8832, Entity Classification Election, for  $\underline{X}$  to elect to be treated as an association. As of  $\underline{Date\ 3}$ ,  $\underline{X}$  underwent an ownership change whereby  $\underline{a}$ % of the ownership interests in  $\underline{X}$  are now are owned by persons that did not own any interests in the entity as of  $\underline{Date\ 2}$ .

Section 301.7701-3(a) provides, in part, that a business entity that is not classified as a corporation under § 301.7701-2(b)(1), (3), (4), (5), (6), (7), or (8) (an eligible entity) can

elect its classification for federal tax purposes as provided in § 301.7701-3.

Section 301.7701-3(c)(1)(iii) provides, in part, that an election under § 301.7701-3(c)(1)(i) (to elect or change entity classification) will be effective on the date specified by the entity on Form 8832 or on the date filed if no such date is specified on the election form. The effective date specified on Form 8832 can not be more than 75 days prior to the date on which the election is filed and can not be more than 12 months after the date on which the election is filed.

Section 301.7701-3(c)(1)(iv) provides that if an eligible entity makes an election to change its classification, the entity cannot change its classification by election again during the sixty months succeeding the effective date of the election. However, the Commissioner may permit the entity to change its classification by election within the sixty months if more than fifty percent of the ownership interests in the entity as of the effective date of the subsequent election are owned by persons that did not own any interests in the entity on the filing date or on the effective date of the entity's prior election.

Based solely on the facts submitted and representations made, we conclude that the requirements of § 301.7701-3(c)(1)(iv) have been satisfied. Accordingly,  $\underline{X}$  may elect to be treated as a disregarded entity for federal tax purposes. The election should be made by filing Form 8832 with the appropriate service center. A copy of this letter should be attached to the election.

Except as specifically set forth above, no opinion is expressed or implied concerning the validity of any entity classification election by  $\underline{X}$ .

This ruling is directed only to the taxpayer(s) requesting it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

Pursuant to a power of attorney on file with this office, a copy of this letter is being forwarded to X's authorized representative.

Sincerely,

Bradford R. Poston Senior Counsel, Branch 2 Office of the Associate Chief Counsel (Passthroughs & Special Industries)

Enclosures (2)
Copy of this letter
Copy for § 6110 purposes